

FISCAL NOTE

Bill #: HB0648

Title: Issue new issue license plates in 2002

Primary

Sponsor: Red Menahan

Status: Third reading

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000</u> <u>Difference</u>	<u>FY2001</u> <u>Difference</u>
Expenditures:		
General Fund	\$1,362,313	\$787,348
Revenue:	\$1,200,000	\$1,200,000
Net Impact on General Fund Balance:	(\$162,313)	\$412,652

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Department of Justice:

1. The newly designed number plates will be for issuance after January 1, 2000, to replace at renewal, as required in 62-3-312, MCA, and 62-3-314, MCA, number plates that were displayed on motor vehicles at that date.
2. If this bill passes, in order to facilitate the re-issue of State of Montana license plates and to aid law enforcement in identifying valid license plates, a change in design from the present '90 re-issue plate is required. In order to meet the requirements of this bill, plate selection design would have to be completed by January 1, 2000. It is estimated that initial plate design would cost approximately \$2,000 in FY 2000.
3. Based on historical records of production and projections, it is anticipated that approximately 1.8 million (1,800,000) plates would be involved with the re-issue and another 500,000 plates would be involved with normal yearly plate production. It should be noted that in calendar year 2000 operating expenses (such as

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postage, printing, warehouse storage, and freight distribution) would increase approximately \$36,300 to cover the costs of distribution of the new license plates that would be required by the passage of this bill.

4. It will be necessary to contract for programming with an outside vendor since department programming staff are committed to completing the current backlog of more than 9,000 hours of programming necessary to comply with 1997 legislative changes, Y2K, and various other programs. One-time expenses for programming changes required by the passage of this bill are projected to cost \$22,200 for consultant services plus \$4,973 for increased computer processing charges generated during programming and system testing, or a total of \$27,173 during FY2000.
(296 hours @ \$75/hour = \$22,200 + \$4,973 = \$27,173)
5. Operating expenses in FY 2000 will be increased by \$60,827 for expenses incurred due to storage and shipping of the plates.
6. Future general fund revenues in FY 2000 and FY 2001 would increase by approximately \$2 million due to the \$2 fee charged for the issuance of new plates.

Department of Corrections:

7. In the past all costs associated with license plate design have been incurred by the Department of Justice, Motor Vehicle Division. The Department of Justice will again assume plate design costs as well as any costs associated with programming their license plate database, and distribution to the various counties. It is assumed that a plate design committee would be established which would include one representative from Montana Correctional Enterprises (MCE) to address production concerns.
8. It is assumed that all current plate types, other than collegiate plates, are being addressed in this bill, including personalized and various veteran type plates. Production of personalized plates would not occur in advance, but rather would be produced after an individual renewed their vehicle registration. Veteran, amateur radio, and other plates would require silk screening on the new license plate design prior to issuance.
9. Based on projections received from Registrars Bureau and MCE historical records of production, it is anticipated that approximately 1.8 million plates would be involved with the re-issue to a new plate design and another 500,000 plates would be involved with normal yearly plate production. Total production of 2.3 million (2,300,000) plates is anticipated with projected production of 2,255,000 large plates and 45,000 small plates. In FY1990 and FY1991 the State of Montana had a re-issue of plates and approximately 2.3 million plates were produced at that time for a total cost of \$2,792,216. Of this total \$1,864,639 was related to the re-issue, with the remaining amount related to normal license plate production over the two year period.
10. Plate production during the years for this bill would involve the re-issue of plates as well as the usual plate production to meet the yearly demands. License plate production costs for the regular plate production would be in the base budget for the license plate factory. **Costs associated with the re-issue are what are being reflected in this fiscal note.** Costs basically involve supervisor overtime, increased inmate pay, supplies and materials expense, increased utility expense, increased repair and maintenance, other expense and equipment/storage costs.
11. In order to meet the requirements of this bill, plate production at the MCE License Plate Facility would have to begin no later than January 1, 2000 (FY00). As a result, costs for this bill would affect FY 2000 and FY 2001.
12. Equipment upgrades required to produce the number of plates in this bill would cost \$150,000 for a press and a plate cutter. Existing equipment is old and in state of continual repair. A repair and maintenance contingency of approximately \$30,000 each year is requested with monies not used to be reverted.
13. In order to continue production on an uninterrupted basis some of the materials would have to be on hand by 1/1/00. Because storage on the last re-issue was a major problem both at the License Plate Factory and

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the Registrars Bureau, a small storage shed type building would be constructed at the License Plate location at a cost of \$7,500.

14. Most of the expense associated with this bill would be in aluminum and scotchlite to produce the plates, as well as hinge die inserts, paint rollers, boxes, janitorial supplies, etc.
15. Overtime would be required for the supervisors and a budget of \$6,000 per year is estimated. Number of inmates employed may be increased from usual 12 to 15 to approximately 20 inmates with a yearly cost of \$5,000.
16. Aluminum for this re-issue is anticipated to be approximately 460,465 pounds based on production of 4.3 plates per pound and a 10% inventory/plate estimate adjustment. At a projected cost of \$1.10 per pound anticipated costs are \$506,512 with 60% to be purchased in the first year of production.
17. Scotchlite for this re-issue is anticipated to be approximately 1,151 rolls based on production of 1,721 plates per roll and a 10% inventory/plate estimate adjustment. At a projected cost of \$1,105 per roll anticipated costs are \$1,271,858 with 60% to be purchased in the first year of production. Initial scotchlite production would take approximately 90 days after the final new plate design is decided upon.
18. Boxes for the production are anticipated to be approximately 21,758 based on production of 91 plates per box with a 10% inventory/plate estimate adjustment. At a projected cost of \$.45 per box anticipated costs are \$9,791 all in the first year of production
19. Other supplies needed are projected at \$20,000 per year include gloves, janitorial supplies, hinge dies and inserts, solvents and oils, and various miscellaneous items used in license plate production
20. Utility costs are projected to increase approximately \$13,000 per year over the base budget.
21. Other expense is projected to increase approximately \$2,000 per year over the base budget.
22. It is not anticipated that double shifts for production would be used unless equipment breakdowns of a significant nature were experienced and resulted in a delay in plate production.

FISCAL IMPACT:

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Department of Justice:		
<u>Expenditures:</u>		
Operating Expenses	\$90,0000	\$0
<u>Funding:</u>		
General Fund (01)	\$90,000	\$0
<u>Revenues:</u>	\$1,200,000	\$1,200,000

Department of Corrections:

<u>Expenditures:</u>		
Persona Services	\$5,500	\$11,000
Operating Expenses	1,109,313	776,348
Equipment	<u>157,500</u>	<u>0</u>

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	\$1,272,313	\$787,348
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Funding:

General Fund (01)	\$1,272,313	\$787,348
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Statewide:

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$162,313)	\$412,652
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Depending on the number of vehicles that are involved with the plate re-issue, county revenue will be effected based on the revenue distributed to them. Counties will incur costs of implementing the re-issue at their country treasurer office.